

....ADDRESS....

OF

JAMES J. HILL

TO THE

Illinois Manufacturers' Association, Chicago

JUNE 4, 1902.

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James J. Hill Papers
Minnesota Historical Society

JAMES J. HILL ON RAILROADS

HIS ADDRESS AT CHICAGO ON COMMERCIAL EXPANSION

Part of the Railroads in Building Up the Country—Their Property Bound Up
With That of the People They Serve—Powers of the Interstate Commerce
Commission—Danger of the Additional Power Suggested
—Railroads Helping to Capture for America the Commerce of the Orient
—Law Now to Control the Only Dangerous Trusts—Irrigation Needed to
Enlarge the Public Domain.

Following is the full text of the address on "Commercial Expansion" delivered by James J. Hill, President of the Great Northern Rail-way Company, at the dinner (if the Illinois Manufacturers' Association in Chicago last Wednesday evening. Mr. Hill said:

"Commerce is the exchange of commodities, and the term is generally understood to include the buying and selling between individuals, and, in a wider sense, between communities and nations. Behind its adventurous leadership have followed civilization and Christianity to the remotest parts of the world. The commercial nations of the world have, at all times, exercised the strongest influence for good among the nations of the earth.

"The development of commerce is the effort by a country to find a market for its own productions, or to supply itself with material for its necessities, or to further increase its means of commercial expansion. The commercial expansion of a nation is the best index of its growth. Commercial growth is both domestic and foreign.

"Following the Civil War came a period in the history of our country of internal development, which has been the wonder of the world. Since the close of the war in ISO") the enormous territory west of the Mississippi has grown from frontier settlements into great, populous and wealthy states.

"The population of the United States in 1865 was about 34,000,000. The succeeding thirty-five years ending in 1900 carried it to 70,000,000, and today we are increasing at the rate of a million and a half a year. The various census reports show that the population of the United States about doubles every thirty years, so that by 1930 we would, at this ratio, have a population of 1,500,000,000 people.

"In the past the public domain suited to cultivation of the soil, producing every useful crop, has furnished homes for the multiplying popula-

tion. Today we have about reached the limit of our public domain which can be made to furnish homes for an intelligent and enterprising population.

"In many of the Western States are enormous areas of the best land which, with irrigation, can be made productive in the highest degree. One hundred and sixty acres of land, with a certain supply of water, which will insure to the husbandman a bountiful harvest, is equal to twice that area where the land is subject to the natural conditions of either too much or too little rainfall.

"One-half of the population of the United States is occupied directly or indirectly in the cultivation of the land, and I think fully one-half of the entire capital of the country is invested in farms and their belongings, and when we come to the questions of intelligence, patriotism and good citizenship, the agricultural population stands out today, *as* it has in the past, as the great sheet anchor of the nation.

"The wealth of the world comes from the farm, the forest, the mine and the sea. While our country has been blessed with wonderful mines of coal, iron, gold, silver and all the other valuable mineral productions, with magnificent forests of useful timber, still the farm has, from the beginning, been the foundation of our growing wealth and greatness.

"During the last three years the balance of our trade with other nations, that is the amount we have sold in excess of what we have bought, has averaged about, \$5700,000,000 annually, and two-thirds of this has come to us through the export of the produce of the soil.

"I do not wish in any manner to belittle the importance of our growing manufactures or their relative value in the commerce of the country. The security of their foundations has always rested upon the agricultural growth of the nation, and in the future it must continue to rest there. Every manufacturer, every merchant, every business man throughout the land, is most deeply interested in maintaining the growth and development of our agricultural resources.

"In the past we have been in the habit of feeling that 'Uncle Sam was rich enough to give us all a farm,' but today, as I said before, the arable land suitable for agriculture without an artificial supply of moisture is practically all occupied.

FEDERAL CONTROL OF IRRIGATION.

"In a few limited communities of the West irrigation has been commenced by what may be called 'individual effort.' Owing to diverse laws, made to suit particular interests, the irrigation of large areas is attended by greater difficulties than can be well surmounted by individual effort.

"The policy of a broad, comprehensive, national plan of irrigation has been urged upon Congress with but little success in the past. However, an enterprise of such magnitude and importance to the nation as a

whole, which importance will grow as our population grows, cannot be turned aside or lost sight of, for the reason that every citizen of every state in the Union is deeply and vitally interested in the question.

"President Roosevelt, who has spent some of his time in the semi-arid regions of the West, has taken an active interest in this subject, and if his efforts, and of others who are working for the same end, result in success, future generations will rejoice in the memory of this work, while they build for themselves comfortable homes in the thousand valleys covering that portion of the country which is now given up as grazing ranches for cattle and sheep. With proper irrigation these valleys will furnish homes for intelligent and industrious people, and the number of cattle and sheep raised on the land will increase many fold.

STOP EMIGRATION TO CANADA.

"For the first time in the history of this country, thousands of our farmers from states like Iowa, Kansas, Missouri, Michigan, Wisconsin and Minnesota are seeking homes in the Canadian Northwest owing to the cheap lands offered in that country and to the difficulty of securing such lands in the United States.

"A wise system of irrigation by the general government can be made not only self-sustaining, but a source of income. Lands, that without irrigation are given away or sold at a nominal price, can be sold as fast as they are furnished with water, at \$10 an acre or upward, and the cost would be little, if anything, more than half that sum.

"I cannot urge too strongly on the part of every man who wishes his country well, and who desires that all shall be prosperous, in order that he himself may be prosperous with them, the importance and the growing necessity of taking care of our public domain in such a way as to preserve it for generations now unborn.

"I feel sure that no one here tonight ever expected to see the time when farmers and farmers' sons from the best states of the West would be forced to leave their country and their flag to seek homes in a foreign country.

"The United States has many social questions to settle in the near future, and nothing in this connection will take the place of its ability to provide good homes for those who desire to sit under their own vine and fig tree.

"Land without population is a wilderness and population without land is a mob.

OUR DEBT TO THE RAILWAYS.

"Considering the question from a broad national standpoint, the next interest in importance to agriculture is the railway interest of the country. The entire railway grew this within the memory of men living.

"Twenty-five years ago it was not supposed possible that railways would ever be able to carry heavy and cheap commodities, which were up to that time almost exclusively whipped by water. Great elevators were built in Chicago, Milwaukee and other lake ports to hold the grain for the reason of open water, in order that it might move to market at a fair rate.

"Early builders of railways never realized the service to be rendered to the country by the railways. I think I am safe in saying that next to the Christian religion and the common schools no other single work enters into the welfare and happiness of the people of the whole country to the same extent as the railway; no other work could have made it possible to occupy the enormous stretches through the interior of our country and people them with cities, towns and villages.

AMERICAN RATES LOWEST

"While the railways have to answer for many mistakes of judgment, or of intent, on the whole the result has been to create the most effective, useful, and, by far, the cheapest system of land transportation in the world.

"In England the average amount paid by the shipper for moving a ton of freight 100 miles is \$2.35; in France, \$2.10; in Austria, \$1.90; in Germany, where most of the railways are owned and operated by the government, \$1.84; in Russia, also government ownership, where the shipments are carried under conditions more similar to our own than in any other country as respects long haul, 51.70; in the United States the average cost is \$0.73, or less than 10 per cent of the average cost in Europe.

EXPENSES HIGHER HERE, TOO.

"And this is done while every article used by the railroads, including labor, costs more in this country than it costs in Europe with the exception of coal and right of way. Wages in the United States, are, as a rule, more than twice as high, and this high cost in the United States is constantly increasing. Take, for instance, the material in an ordinary box car, the cost of which has increased in the past three years over 20 per cent.

"You gentlemen, whose manufactured articles are sold throughout the country, are always able to base your selling price on the cost of production, and when your raw material and labor increase the cost, your prices are advanced; but notwithstanding the enormous advance in wages, in material of every kind, the rates of transportation in the United States have gone steadily down from year to year until they are by comparison so much lower than those of any other country that there is no comparison between them.

"If these results have been accomplished under all the changing

conditions of financial prosperity and adversity in the past thirty years, have we not, as a nation, reason to rejoice in what has been accomplished rather than to seek to destroy or appropriate the means which have brought about these results?

OFFICIAL STATEMENTS CONTRADICTED.

"A few weeks ago a member of the Interstate Commerce Commission, in an address before your association, made some statements, which, if (correctly reported, I feel called upon to deny.

"The gentleman is quoted as having said that rates have not been reduced during the past ten years, but that they have been advanced in that time. The published report of the Interstate Commerce Commission for the year ending 1900, on page 94, shows the average, rate per ton mile in

1890 at.....	.941 of a cent
1900 at (ten years later).....	.729 of a cent

"Surely the gentleman does not mean to say that the latter is a larger amount than the first, which is practically what he is reported as having said.

THREE HUNDRED MILLION DOLLARS SAVED TO THE PUBLIC.

"For the year ending June 30, 1900, the Interstate Commerce Commission report gives the number of tons carried one mile in the United States as 141,599,000,000 which, multiplied by the reduction in the rate (212) between 1890 and 1900, shows that the public had paid \$300,000,000 less than the average rate of 1890 would have cost on the business of I lie single year of 1900.

TRUE COST OF RUNNING TRAINS.

"Elsewhere in his address he makes the statement that the traffic manager of the Lake Shore Railway testified that the standard train of fifty cars with 60,000 pounds per car was moved by one engine from Chicago to Buffalo at an entire expense of moving that train of not to exceed 50 cents per train mile. When the gentleman made that statement he had the published report of the Interstate Commerce Commission, and of all the state commissions in the country, showing the varying cost of running trains, and on page 94 of the report of his own commission the average cost of running a train mile for all trains is given at a trifle more than 107 cents, or more than twice the amount mentioned in his address to you.

"What is called in railway accounting expense of conducting transportation' sometimes includes station and terminal service and sometimes is limited to the mere cost of moving the train; that is, the cost of wages of train and engine men and of train supplies. This last amount wag

probably what the gentleman had in mind; but surely, if his experience, knowledge, character and ability are such as to entitle him to fill the position he occupies in the country, it ought not to be for want of knowledge that he fell into this error or made the statement he is reported as having made.

"Mr. Joseph Nimmo, for many years the Government Statistician in Washington, before the Congressional Committee on Interstate Commerce about a month ago, charged directly, and it was not contradicted, and could not be contradicted, that the statements made by members of the commission were misleading and untrue, as appears on pages 350 and 351 of the official report before the House Committee on Interstate and Foreign Commerce.

GOOD WORK BY THE RAILWAYS.

"When we consider what has been accomplished by the railway companies in the past thirty years, the singularly low rate of transportation which prevails, the average cost being not to exceed one-third of what it was thirty years ago, the reduction of freight classifications from fifty or more to three, the increase by thousands of through routes and rates, the improvement of facilities for transportation in roadway, equipment and terminals, has not the country abundant reason to congratulate itself on what has been accomplished?

"And I will say further that all this has been brought about by the railway companies in their efforts to serve the public and help themselves rather than by any legislative or other interference. The railways of the country are subject to the Interstate Commerce law. It is said that carriers do not observe the law; that rates are unreasonable; that the public are oppressed.

OBJECTIONS TO GOVERNMENT CONTROL.

"To remedy the evils, growing, as is claimed, out of the violations of the law, government ownership is suggested by some, and an increase of the power of the Interstate Commerce Commission by others. Government ownership means the control and operation of railways by government officials. A mere statement of the proposition arouses in the mind of almost every thoughtful man the fear that such power would end in the destruction of the government itself.

"Aside from all economic questions and the increased cost to the public, either in direct advance of rates or indirect cost of increased taxation, it would mean the political appointment of an additional million of public officials and the exercise of a power sufficient to imperil, if not to destroy, free government in the United States.

POWER OF THE COMMISSION

"Upon the question of the power of the Interstate Commerce Commission, as respects rates and railway operation, I believe that- all public service should be regulated by fair and reasonable laws. Tin: Interstate Commerce law declares the- common law and prohibits extortion and unjust discrimination between persons and places.

"It provides, as does the common law, that all charges made for any service rendered or to be rendered in the transportation of passengers or property shall be reasonable and just. Every unreasonable and unjust charge is declared to be unlawful.

"All rates of transportation must be published, and, when published, it is made unlawful for any carrier to charge or receive a greater or less compensation than that specified in the schedule of published rates at the time in force. To charge a higher or lower rate than that fixed by the schedule at the time in force is in violation of law, and a carrier who violates the law, if not subject to criminal prosecution, is subject to complaint of violation to be made to the commission and to suit in court for the purpose of recovering damages or seeking reparation for the wrong done.

"The act of charging a higher or lower rate than that specified in the schedule at the time in force is unlawful. Unlawful acts may be restrained or punished and those injured thereby have redress for the injury.

REDRESS AGAINST RAILWAYS,

"Under the provisions of the act carriers are liable to persons injured to pay full damages sustained in consequence of a violation of the act, together with reasonable attorney's fees to be fixed by the court. Shippers claiming to have been damaged by any act of a carrier subject to the law, may, instead of bringing suit in court to be prosecuted at their own risk and expense, make complaint to the commission in an informal way by a letter mailed with a two-cent stamp.

"If a published rate is unreasonable it is unlawful. Any shipper claiming to have sustained damage by reason of the enforcement of the rate may make complaint to the commission, and it then becomes the duty of the commission, at the expense of the government and without cost to the complainant, to investigate the complaint.

"All the powers of the court are open to the commission to produce evidence, books and papers. It may award damages, fix the measure of reparation, and, if its order is not obeyed, it may institute proceedings in court, at the expense of the government and without cost to the complainant, to enforce its order, and in event of recovery the carrier proceeded

against must not only pay the cost of the defence, but reasonable attorney's fee for the prosecution.

A DANGEROUS REMEDY

"A party having been injured need not complain to the commission in order to obtain justice. The commission may proceed, of its own motion, without complaint.

"Any person, firm or corporation may make complaint on account of an injury done to another. With or without complaint, the commission may investigate, and upon investigation make orders requiring carriers to pay damages, to make reparation for wrong done, to cease from doing wrong.

"And all this, in addition to risks of prosecution in criminal proceedings of agents and officers of carriers through whose agency the law is violated.

"It is said that the existing remedies are inadequate, and that the commission should be given the power to make rates if not in the first instance, in the last instance, which is the same, in effect. The only difference I can see between a commission of five men fixing the rates on all the railways of the country and a commission operating under government ownership is a difference in name. In either case the business of the country would be face to face with the worst financial crisis we have ever been called upon to meet.

PROPOSED CHANGES IN THE LAW.

"The rate-making power is now exercised by experienced men, each representing not only the interest of the line of railway with which he is connected, but of the patrons of the line; the increase of the business of the patrons meaning also an increase of the business of the company. This power is subject to the control of the Interstate Commerce Commission, and also the competitive conditions and forces by land and water between markets, manufacturers and producers throughout the world.

"Because difficulties have risen in the enforcement of the law growing out of failure to prove its violation, it is proposed to amend the law, not in such way as to make it less burdensome under given competitive conditions or to make proof of the violation of the law less difficult, but by conferring upon live men, or three, if the five do not agree, the power to regulate the earnings of railway companies by fixing rates.

"This is, in effect, to give the commission, a political body, power to make or break railway companies, to send their stocks or bonds up or down in the market, to control importations, to limit exportations, to build up or ruin cities by establishing differentials, to array one section against another.

RATE MAKING BY COMMISSION.

"Should the commission be given rate-making power it would have absolute dominion over the commerce of the country and over all interests dependent upon such commerce. It is to be feared that evils would result from the granting and exercise of such power, compared with which existing evils or alleged evils are as nothing.

"A railway corporation has only such rights as are given to it by the state in which it is incorporated.

"A railway company, in order to obtain money with which to construct its line and carry on its undertaking, is granted by the state a right to sell bonds and stock in the markets and to those who are willing to purchase.

"The ownership of stock of a railway company is a matter of interest or concern to the territory served by the railway company to the extent that, it is held by those who have purchased it as an investment and have an interest in the territory served by the line in promoting its settlement, encouraging its growth and increasing its traffic.

COMMON INTERESTS.

"There is a common interest between a railway company, that is between those who hold its bonds and its stock, and the territory served by its line. The bondholder has an interest in the earnings to the extent of the interest on his bond; the stockholder to the extent of obtaining reasonable dividends upon his stock.

"The amount, of interest and dividend charge is limited. Only such rates can be maintained as will yield net earnings sufficient to pay interest and reasonable dividend.

"The common interest of the territory served by a railway company is in obtaining transportation and reasonable service at a low rate and at such rate as will enable those who live in the territory to sell what they produce, or have to sell, in available markets at a fair profit.

"The price of transport a lion must always be such as to enable the company to pay interest on its obligations and a reasonable dividend to the holders of its stock. If that amount is earned upon a light traffic, the rate per unit of traffic will be higher than it would be if the traffic is heavy. The interest of the territory along the line of the railway rests mainly in the increase of the density and volume, of traffic.

TRAFFIC AND EARNINGS.

"The amount of money received from the sale of bonds and .stocks having been invested in railway construction, the company has a right

to earn an amount sufficient to meet its interest and dividend obligations. It is for the public interest that the amount to be earned should be derived from a large volume of traffic at a low rate, rather than a small volume of traffic at a high rate.

"If the earnings which the railways are entitled to receive were to be derived solely from traffic beginning and ending on their respective lines, the rates or price of transportation would necessarily be much higher than it is. The interest of the public served by the railways is largely in the increase of the volume of interstate and international traffic over the lines.

"Take, for instance, the lines of the Great Northern and Northern Pacific from Lake Superior and the Mississippi river to Puget Sound. All the interstate traffic they can obtain from the great freight-producing area south of Lake Superior and east, of Chicago must come to them across the lakes, which are closed to navigation one-half of each year, or around the south end of Lake Michigan by way of Chicago.

INTEREST OF STOCKHOLDERS

"To increase the volume of traffic and thus be able to reduce rates, these two companies must secure a share of the interstate traffic from the territory named, and must also be able to reach territory furnishing market for the freight produced along their lines and return freight to be transported over their lines and by steamship connection with Pacific coast terminals.

"If the stock of the railway is held as an investment by those interested in the territory served by the lines, in increasing the volume of traffic and in reducing tin; rates, the territory will be built up and rates will be lowered.

"If the question of the ownership of stock was left to the public served by the lines of the railways of the country, would it not be for the interest of the public to have such ownership placed in the hands of those who had acquired it as an investment and whose interest is directly connected with the building up of the lines and building up the territory served by them?

RAILWAYS CAN'T RUN AT A LOSS.

"There has been during the past year a great deal of public discussion about railway competition and a large amount of volunteer literature has been written on the subject. It is always a safe basis to assume that no business will continue for any length of time if the result of its transactions is a loss, and this is equally true of your business and of that of the railways.

"No individual, community or nation can afford to build up its commerce on the foundation that railways will destroy each other for the general benefit. This has been done in some cases in the past, and the roads which have followed this course have gone through the portal of

bankruptcy into the hands of rival owners, and in some cases, into the hands of owners whose greater interest is in other directions, and whose object in obtaining them has been more to restrict the growth of the country than to increase it.

RATES AND COMPETITION

"Competition in railway rates is either active or inactive. All railway rates are the subject of conference between the lines interested, followed by an agreement as to rates, and the conditions of the business of the country demand that this course must always be followed.

"All rates are by law made public, and whatever rate is adopted by one road must be adopted by the- others, or they will lose their share of the traffic. In this there is no active competition.

"When competition is active, tariffs are disregarded and private rates are made to large shippers and rebates paid, amounting, as has been published, to enormous minis in the yearly aggregate. To prevent this active competition, both the Federal government and the several states have enacted laws which have boon a dead letter on the statute books until public opinion has demanded that the various commissions take some action under the law.

"The recent activity of the Interstate Commerce Commission has resulted, I believe, to a large extent in correcting this abuse, and, if they follow it up with the power conferred upon them by the Act of Congress the entire system of private rates will be abolished to the advantage of the trade of the whole country and of the railroads as well.

HERE IS COMMUNITY OF INTEREST.

"There is, however, a competition between the railways which will continue to exist as long as the railways are run, and that is the competition of markets; the necessity of building up the various interests of the country served by the respective railway lines. In this the competition lies between the producer and the railway in one locality, acting together, against the producer and the railway in another locality, competing for the business.

"If the railway is to increase its traffic, it can only be done by increasing the business of its customers. This same principle applies to the occupation and cultivation of the land along the lines of railway throughout the country, and particularly applies to the lines west of Chicago.

"Unless the farmer can make money by the cultivation of his land, either through selling his wheat, his grain, his cotton or his stock, with a profit to himself, the time must come when he will cease to cultivate the land, and the railway is left, as it were, in a desert.

HELPING THE FARMER.

"For the past twenty years or more I have had some, experience in opening up and peopling new states, and we have always adopted as a fixed policy the making of rates on the products of the country seeking a market, and the necessities of life, such as coal, lumber and building material, at the lowest rates the company could afford, looking more to our profit from the lighter articles of merchandise and shelf goods consumed in the country. At times we have been criticised for this, this criticism mainly coming from merchants who have desired a lower rate.

"The following will illustrate our answer and the reason for the course we have pursued. Take a fanner in Iowa with a hundred acres of wheat yielding, say, twenty bushels to the acre, two thousand bushels, or sixty tons. A reduction of five cents a hundred, or a dollar a ton, would amount to him to \$60 per annum.

"If he visits the country store once a week for fifty-two weeks and takes away from the store each week fifty pounds of merchandise, in a year he will have taken 2,000 pounds, the entire freight on which would not have averaged 40 cents a hundred, or \$10.40, so that if the railway carried the merchandise for nothing and charged an additional five cents a hundred on his grain, the farmer would be worse off by nearly \$50 a year.

BASIS OF THE RAILWAYS PROSPERITY.

"This illustration, I hope, makes plain the statement that the prosperity of the people served by the railway is the only path to prosperity for the railway. The railway and its patrons must always prosper together or suffer together.

"The greater the volume of business the lower rates can be made. If, for instance, a railway has to raise a million dollars on a traffic of a million tons, a simple calculation shows that its profits must be a dollar a ton if there are two million tons, 50 cents a ton, and if there are four million tons, 25 cents a ton will bring the same profit.

NORTHWEST LUMBER TRADE'S GROWTH.

"In order to secure this additional tonnage intelligent railway management is constantly called upon to secure for the producers on its various lines a market for their productions, and, if possible, a return load for the car carrying such product, to market.

"We have on the Pacific coast the largest body of first-class saw timber left in the United States. When I first visited that country, with a view to extending our lines to the coast, I saw at once that

unless we could carry their lumber to market at a price that would enable them to manufacture and ship it with a profit our railroad would have no business. The first and great crop of that country is its lumber.

"We made a rate of 40 cents a hundred for 2,000 miles, or four mills a ton per mile, on this lumber, in order that we might load back the cars that carried out the merchandise to the West. This rate was necessarily met by other roads, and the result was the expansion of the lumber trade, of Washington and Oregon, so that today it is over ten times what it was Dine years ago, and in place of seeking additional loads for our cars from the West, we un; now seeking additional loads for our westbound cars going out to be loaded with lumber for the great treeless states of the Middle West, and the development of this Pacific coast lumber traffic will work a greater change in the Oriental trade of the country than all the efforts of all the men engaged in that traffic.

BIG SHIPS MADE NECESSARY.

"To enable us to keep pace with the enormous demand for this lumber was the moving cause of our building the largest ships in the world, through which we will be prepared this fall to meet, not only the rates of other transcontinental lines, both in the United States and Canada, but We will meet the rates made by steamer from the Atlantic ports via the Suez canal.

"Every manufacturer reached by any railway in the United States can ship his goods to the Orient by rail to the Pacific coast and thence by steamer at rates that, will compete with water transportation from the Atlantic seaboard to the East by way of the Mediterranean and Suez canal. Were it not for the certainty that there is a carload of lumber waiting for every empty car that we can furnish on the Pacific coast, we could not carry the Oriental business at twice the rates we will offer.

JAPAN'S INCREASED COMMERCE.

"Much has been said about the increase of traffic in the East. I will use as an illustration what has occurred in Japan.

"Twenty years ago the foreign trade of Japan was not to exceed \$1 per capita of the population. Today this trade; is equal to \$6 or \$7 per capita of its population.

"Twenty years ago it amounted to about forty millions of dollars, and today it amounts to about two hundred and fifty millions of dollars of which the United States' share is less than one-fifth.

"Ten years ago we exported about live million dollars annually to Japan and imported from her about twenty-six millions. Now our exports to Japan amount to thirty millions, or .six times as much as they were ten years ago, and the increase in our imports has been very small.

THE FIELD IN CHINA.

"In 1890 the entire foreign trade with China amounted to about 50 cents per capita. With a good stable government which will protect the Chinaman in the fruits of his own labor and enterprise, there is no reason why the Chinese trade should not increase as rapidly as that of Japan has increased. The Chinaman is the better merchant of the two.

"Should the Chinese trade increase to three or four dollars per capita, it would amount to more than the entire exports of the United States, and, surely, this trade is worth striving for.

A PRIZE WORTH STRIVING FOR.

"The Oriental trade has built up cities of the Old World which are now in ruins. Its value runs back to the very dawn of history. Byzantium enjoyed this trade for a time, and later on it built up Venice, the city of merchant palaces, which for years was the gateway from the East into Europe.

"When the Portuguese sent their ships around the Cape of Good Hope, followed by the Spaniards, they took possession of this trade and transferred it from the backs of camels to their galleons. From them it passed under the control of the Hanseatic League and the cities of Holland and Belgium.

"Early in this century Great Britain, through a wise and farseeing policy inaugurated by her ablest statesmen, took possession of the trade and has retained it to the present time, for the reason that she furnished the lowest rates of transportation to and from those countries. We are now preparing to challenge tier for such share of this business as can be furnished by the manufacturers of the United States.

OUR GROWING TRADE IN THE EAST.

"A country where labor is paid from 10 to 25 cents a day cannot indulge in many luxuries, and our trade with the Orient must be largely in the necessities of life and such articles as they cannot produce.

"We have already built up a large demand for American cotton and flour, which a few years ago were unknown in China and Japan. This cotton mainly goes from Texas and other Southwestern states, and it may surprise you to learn that seven-eighths of it during the past year has gone by way of Puget Sound ports.

"With Manila as an American port in the East and the best ships that can be built we should be able to maintain ourselves in a nation in the control of a large share of this traffic.

OUR BALANCE OF TRADE.

"We enjoy today a share of the traffic of the various European nations under such conditions as their tariffs will allow. Great Britain is our best

customer. She buys about two-thirds of all our exports to Europe, and until recently she has received our products on conditions as favorable as those enjoyed by her own colonies.

"We cannot, as a nation, go on receiving the great balance of trade which has boon paid us for the past few years. Our balance of trade some years has been double the production of gold and silver in the whole world, and, logically, if it should continue the time would come when we would have all the gold and silver and our customers would be bankrupt.

"This condition would only be less unfortunate for ourselves than for them. Our customers must have the means to pay us, und to get this means they must sell something to somebody.

INFANT INDUSTRIES BUILT UP NOW.

"We have enjoyed all the benefits of a protective tariff for many years, and whatever good it can do in the way of building up infant industries has already been accomplished.

"The growth of our enormous iron and steel industries, which are pointed out as the result of our protective tariff, can be more surely traced to our enormous resources in the iron mines of Michigan, Wisconsin and Minnesota than from all other sources. The cheap production of the highest grade of ore in these mines and (be low rates of transportation to Lake Erie ports have done more to build up the iron and steel industries of the United States than all the tariffs that have ever been placed upon the statute books, and today, if these mines were closed, our superiority in the iron and steel trade of the world would be gone forever.

COMBINATIONS OF CAPITAL NEEDED.

"There is another subject which I think will not be devoid of interest to the manufacturers of Illinois, and that is the so-called trusts or combinations of capital.

"In a country as large as ours, carrying on enormous undertakings, large amounts of capital are necessary, and (his capital can be more readily furnished by corporate ownership than in any other way. There are a few individuals in the country who might furnish fifty or a hundred millions of dollars with which to carry on any particular branch of business, but there is no certainly that they would furnish one dollar.

"A man with that amount of money does not need all the trouble and annoyance attending a large business of any kind, so that it is necessary that this work shall be done through corporate effort, and no harm is likely to come to the country growing out of the magnitude of the business.

"Has the enormous business of the Krupp Company in Germany injured the German nation or any of its people? On the contrary, the nation and the people are proud of the name of Krupp.

"Can any one in this country point out an injury inflicted on the people which can be traced to the magnitude of the Carnegie Company?"

"The only serious objection to trusts has been the method of creating them—not for the purpose of manufacturing any particular commodity in the first place, but for the purpose of selling sheaves of printed securities which represent nothing more than good will and prospective profit to the promoters. If it is the desire of the general government through Congress to prevent the growth of such corporations it has always seemed to me that a simple remedy was within their reach.

REMEDY FOR TRUST EVILS.

"Under the constitutional provision allowing the Congress to regulate commerce between the states, all companies desiring to transact business outside of the state in which they are incorporated should be held to a uniform provision of Federal law, that they should satisfy a commission that their capital stock was actually paid up in cash or in property, at a fair valuation, just as the capital of the national banks is certified to be paid up by the Comptroller of the Currency. It is only fair to a dealer in Minnesota or California or Oregon that if a company claims to have ten, twenty or fifty millions of capital, de-firing to do business in that state, the dealer should know that the company's solvency has been passed upon by a Federal commission and that its capital was what it was advertised to be.

"With that simple law, the temptation to make companies for the purpose of selling prospective profits would be at an end, and, at the same time, no legitimate business would suffer; nor would any number of individuals, desiring to engage in business through a corporation, suffer any hardship because their actual capital was as they advertised it to be.

LAWS OF TRADE SUPREME.

"We have been as a nation too ready to look to state and Federal legislation for remedies which are beyond their power to give. The laws of trade are as certain in their operation as the laws of gravitation. You might as well try to set a broken arm by statute as to change a commercial law by legislative enactment.

"You may obstruct and delay for the time, but, in the end, the inexorable law of experience, and the, survival of the fittest, will prevail. That is the universal law of nature in every branch, and in its working it is eternal.

"Let us, therefore, leave well enough alone. That which is good let us keep and that which can be made better let us approach with intelligence and work together for the accomplishment of results that will benefit, not only one, but all the various states of the country, and, in that way, secure the prosperity of the individual and separate interests as well."